United Nations

A/C.5/52/SR.14

General Assembly

Fifty-second session

Official Records

Distr.: General
11 November 1997

Original: English

Fifth Committee

Summary record of the 14th meeting

Held at Headquarters, New York, on Monday, 27 October 1997, at 10 a.m.

Chairman: Mr. Chowdhury ..... (Bangladesh)
later: Ms. Incera (Vice-Chairman) ..... (Costa Rica)
later: Mr. Chowdhury (Chairman) ..... (Bangladesh)

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97-82298 (E)

The meeting was called to order at 10.10 a.m.

Agenda item 120: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/51/11 and Corr.1)

1. **Ms. Arystanbekova** (Kazakhstan) said that her delegation shared the Secretary-General's concern about the financial health of the Organization and supported the point of view he had put forward in his programme for reform (A/51/950).

2. It was essential for Member States to meet their obligations in a timely manner. Despite the dislocation caused by its move towards a market economy and the considerable environmental problems it faced, Kazakhstan had made every effort to meet its financial obligations to the Organization in accordance with the Charter. Her Government had paid $2.7 million to the regular budget and for peacekeeping operations just before the beginning of the current session of the General Assembly. As of July 1997, Kazakhstan had fully paid off its arrears with respect to five peacekeeping operations, and had paid some assessments for other peacekeeping operations and for the international tribunals. Her Government was thus consistently reducing its debts to the Organization.

3. One of the basic causes of the financial crisis had been the failure of the scale of assessments to apportion the Organization's expenses fairly among its Member States. Her delegation endorsed the principle of capacity to pay and welcomed the preliminary agreement reached in the Committee on Contributions with regard to certain elements of the scale. At the same time, it called for the removal of the distorting elements in the methodology.

4. Despite the slight reduction in Kazakhstan's assessed contribution for the period 1995-1997, its minimum assessment rate for 1997 — 0.19 per cent — did not reflect its real capacity to pay. While it wished to emphasize the need to elaborate a transparent scale of assessments based on clear-cut economic criteria, her Government favoured improving the scale methodology by shortening the base period to three years. Since most Member States supported a compromise six-year base period, her delegation endorsed the recommendation of the Committee on Contributions aimed at achieving consensus on that element. In addition, her delegation supported the preliminary decision of the Committee on Contributions that the scheme of limits should be phased out gradually over the scale period, with an accelerated phase-out in the second year. Finally, she welcomed the conclusions of the Committee on Contributions on the use of market exchange rates.

5. **Mr. Kamal** (Pakistan) said that his delegation associated itself with the statement on the item delivered on behalf of the Group of 77 and China. The principle of capacity to pay was an important one which had been historically accepted in the United Nations. Any departure from that principle could only be made on the basis of careful consideration and general consensus and in the light of political and economic realities.

6. The current debate on the scale of assessments had been precipitated by the financial crisis created by the non-payment of assessed contributions by some Member States, especially one of the principal contributors. The crisis had led to borrowing from peacekeeping budgets in order to meet the recurring expenses of the Organization. The result had been the non-reimbursement of peacekeeping expenses to those countries, particularly developing countries, which had responded to the call of the United Nations for the maintenance of international peace and security. An extraordinary situation had developed in which money owed to developing countries was being used to finance the deficit caused by the non-payment of assessed contributions by major contributors.

7. In addition, the number of regular United Nations staff members was being cut, especially at the lower levels. A much higher vacancy rate than the one approved by the General Assembly was being maintained. At the same time, gratis personnel were continuing to infiltrate and extend their employment in the Organization. All of that had had a negative impact on the Organization's ability to respond to the world outside.

8. His delegation regretted that the High-level Open-ended Working Group on the Financial Situation of the United Nations had not put forward recommendations to resolve the crisis. The proposals on incentives and disincentives considered by the Working Group should be revived in an appropriate forum.

9. **Mr. Acemah** (Uganda), said that his delegation associated itself with the statement on the item delivered on behalf of the Group of 77 and China. Since its inception, the scale methodology had been subjected to various adjustments in an attempt to make it reflect the principle of capacity to pay. In the context of the current scale period, adjustments to certain elements of the scale methodology had either been implemented or were being proposed. Some of those adjustments had actual or potential adverse effects on the assessments of certain developing countries. There was thus a need for appropriate corrective measures to be

taken to redress or prevent such an outcome. It was also important that the implementation of agreed major adjustments should be undertaken in a manner that developing countries would be able to cope with. Having said that, his delegation endorsed the gradual phase-out of the scheme of limits.

10. His Government was concerned about the continuing anomalies inherent in the current scale methodology, which continued to have a negative impact on the assessments of the poorest Member States. The current floor rate, which had been arbitrarily set for the 1978-1979 scale and which had been in operation ever since, was one such example. The setting of that rate at the current level had imposed an unfair surcharge on the poorest Member States while providing what amounted to a subsidy to the largest contributor. The General Assembly should address that anomaly. It should begin by endorsing the relevant recommendation of the Committee on Contributions and including it as an integral element in the scale methodology to be applied for the preparation of the scale for the period 1998-2001.

11. It was important that the organization should not be dependent on a single contributor. It should be borne in mind, however, that the largest contributor had assumed a major leadership role, both globally and at the United Nations, and that leadership always came at a price. Those States which aspired to lead should be prepared to pay for the privilege. The current rate of assessment for the largest contributor was, in fact, below its capacity to pay. A further lowering of the ceiling would obscure the relationship between the largest contributor's assessed contribution and its actual capacity to pay. The ceiling should be adjusted to reflect that capacity more accurately. Should the General Assembly decide to maintain or lower the current level of the ceiling, the points arising there from should be distributed among the other major developed countries.

12. He urged delegations not to focus on specific elements of the scale methodology or particular options as outlined in resolution 51/212 B to the detriment of both the larger issues which were of interest to the vast majority of Members States and the practice and process of consensus-building.

13. **Mr. Lavrov** (Russian Federation) said that the fair apportionment of the Organization's expenses had assumed particular importance given the acute financial crisis facing the United Nations. Member States needed to show the political will to fulfil their obligations. At the same time a bond of trust needed to be forged between the Organization and its membership; that could best be achieved through a fair apportionment of the expenses.

14. His delegation considered it vitally important to adhere to the principle of consensus in agreeing upon financial matters. Although the Committee on Contributions had failed to reach agreement on all elements of a new scale methodology, the conclusions and recommendations contained in its report provided a realistic basis for moving towards consensus.

15. In particular, delegations could proceed on the basis of the Committee's earlier recommendations concerning the use of gross national product estimates and market exchange rates, the establishment of a floor rate of 0.001 per cent for contributions to the regular budget, and the rounding of the assessment rate to three decimal places. If the General Assembly were to approve those recommendations, it would be possible to bring the future scale of assessed contributions to the regular budget more into line with the principle of capacity to pay.

16. Although his delegation would prefer to shorten the base period to three years, since that would better reflect real capacity to pay, it was prepared to agree that shortening the base period to six years was a reasónable compromise. It was glad to note, however, that the Committee had agreed to examine the possibility of reducing the base period to three years in the context of the scale for the period 2001-2003. His delegation was also prepared to support the tentative agreement to retain the external debt-burden adjustment, on the understanding that the issue would be reconsidered when the next scale was discussed.

17. The scheme of limits remained the factor which most distorted the capacity to pay of Member States and his delegation believed that the scheme should be eliminated in the first year of the new scale period, as proposed by the European Union. In addition, his delegation favoured the recalculation of the scale on an annual basis.

18. Considerable attention had been paid to the issue of low per capita income adjustment. While his delegation did not doubt the need to retain such an important element of the scale methodology, it believed that the gradient had no technical justification from the point of view of capacity to pay and had always been determined through political negotiations. Once again, a compromise should be sought.

19. His delegation wished to stress from the outset that any proposal to deny permanent members of the Security Council eligibility for relief under the low per capita income adjustment were absolutely unacceptable because they directly contradicted the principle of capacity to pay and the Charter of the United Nations. The special responsibility of the permanent members of the Security Council came into play solely when the Charter functions relating to the

maintenance of international peace and security were involved. As a permanent member of the Council, the Russian Federation would continue to meet additional financial obligations in respect of budgets for peacekeeping operations. However, as far as the scale of assessments for the regular budget was concerned, it was important once again to reaffirm the indispensability of the principle of capacity to pay.

20. The lowering of the ceiling for contributions to the regular budget was probably the most contentious issue under the current agenda item. The ceiling was, of course, the result of a political decision by the General Assembly, although it was worth mentioning that the terms of reference of the Committee on Contributions specified that, if a ceiling was imposed, it should not be such as to obscure the relationship between a Member State's contribution and its capacity to pay. The General Assembly would have to adopt a balanced decision that took into account the interests of all parties concerned and provided a sound financial basis for the Organization's activities. In that connection, it was important to stress once again that whatever agreements were reached on the scale, the financial health of the United Nations would most definitely be determined by the political will of its Members to fulfil their obligations as laid down in General Assembly resolutions and decisions on budgetary matters which had been adopted by consensus.

21. **Mr. Yelchenko** (Ukraine) said that, although the recommendations and tentative agreements proposed by the Committee on Contributions did not coincide with his delegation's initial vision of a new scale of assessments, they constituted a solid basis for consensus. The issue of the next scale had taken on a sharp political tint. Regrettably, the interests of some Member States had not been taken into account in the new methodology. That was one of the main reasons for the continuing financial crisis. A solution could be found, however, given political will and a readiness to compromise. His delegation would play its part in the undertaking.

22. At its forty-seventh session, the General Assembly, had voted to increase Ukraine's assessed contribution from 1.18 to 1.87 per cent, without any justification and contrary to the criteria for determining the financial obligations of Member States. The former Legal Counsel had contested that decision. Against the background of the positive changes taking place in the United Nations, General Assembly decision 47/456 was an example of outdated thinking; his delegation had voted against it. It could never accept that Ukraine's assessed contribution for 1993-1994 should have been increased by 58 per cent, placing it tenth among the contributors to the regular budget. The fact that its contribution had been over-estimated was proved by every one of the eight proposals contained in the report of the Committee on Contributions. That fact and the country's continuing economic difficulties were the main reasons for its arrears of payment. Ukraine was doing its utmost to meet its financial obligations: since independence, its total contributions had exceeded $57 million. Its debt had been reduced by $20 million in 1996; so far in 1997 it had already contributed $7 million and might be able to pay more than it had in 1996 if its financial situation improved.

23. The settlement of Ukraine's arrears required fair consideration by Member States. A broad agreement had, in fact, been reached to take into account the particular situation of the 22 States of the former Soviet Union, the former Yugoslavia and the former Czechoslovakia, including the phasing-out of the scheme of limits over two scale periods and the reduction of the base period to reflect the current capacity to pay more accurately. That approach had been given formal status by the General Assembly in resolutions 48/223 B and 49/19 B.

24. Although his delegation could not agree with the gradual reduction of its assessed contribution over two scales, now was not the time to question some parts of the agreement achieved during the earlier negotiations. However, the Committee on Contributions had reached the same conclusion and had tentatively agreed that the scheme of limits should be phased out over the scale period, with an accelerated phase-out in the second year, and that the next scale should have a base period of six years. His delegation took it that those tentative agreements and the Committee's other tentative agreements and recommendations would be considered as a balanced package, one which deserved support.

25. His delegation agreed that the starting point for negotiations in the Fifth Committee should be the "unfinished work" of the Committee on Contributions. Special attention should be paid to the issue of the low per capita income adjustment, which could provide the key to the success of the negotiations on the next scale, and to the problem of the maximum assessment rate.

26. In the forthcoming negotiations, his delegation would be guided by three principles. First, a new scale of assessments for the period 1998-2000 should be adopted, preferably by consensus, by the end of 1997. Second, the expenses of the Organization should be apportioned according to capacity to pay, the existing unfair assessments should be corrected, and the scheme of limits should be completely phased out and the minimum assessment rate reduced. Third, current assessment rates should not be

extrapolated for the next scale period, even on a temporary basis, since such a decision would be contrary to the compromise agreements which had been reached. Progress could not be achieved simultaneously in all parts of the reform of the United Nations, but the adoption of the scale of assessments was of vital importance. The reform process would be facilitated if the Committee reached agreement on the scale sooner rather than later.

27. *Ms. Incera (Costa Rica), Vice-Chairman, took the Chair.*

28. **Mr. Pérez-Otermin** (Uruguay), speaking on behalf of the States members of MERCOSUR, as well as of Bolivia and Chile, said that the Committee's task was to agree on a scale of assessments that reflected the evolution of the world economy, without transferring unfair financial obligations from one group of States to another. The delegations on whose behalf he spoke supported proposal C, which represented a fair balance between the different methodologies suggested. It was important, however, to reach a decision on the matter, preferably by consensus, and to avoid frequent changes in the elements of the methodology. Moreover, in order for a decision to be adopted by consensus, it must ensure an equitable distribution of the Organization's expenses and avoid unfair and abrupt changes in the scale.

29. With regard to the ceiling to be applied in the future scale, the current ceiling even now did not reflect the real capacity to pay of its sole beneficiary. Any further reduction in the ceiling would therefore create additional distortions and require developing countries to absorb the financial cost and thereby subsidize a developed country. Indeed, for the developing countries, its effect would be equivalent to the loss of all the adjustments provided for in the current scale.

30. The scheme of limits should be gradually eliminated from the future scale in the same way as it was being eliminated from the current scale. On the other hand, the external debt burden and low per capita income adjustments were essential components of the scale methodology and should be maintained in the future scale. Special consideration should also be given to those developing countries which exceeded the per capita income threshold and whose assessments, as a result, became disproportionate to their capacity to pay.

31. **Mr. Soal** (South Africa) said that the principle of capacity to pay should remain the fundamental criterion of the methodology for the assessment of contributions, which should be paid in full, on time and without conditions. In recent years, the current scale methodology had come under increasing criticism from Member States as distorting and cumbersome. For example, the current ceiling conferred a massive discount on the assessment of the largest contributor, while some of the least developed countries with national incomes far below the floor rate were assessed contributions well above their capacity to pay.

32. The proposal for a reduction in the ceiling rate to 20 per cent would provide the largest contributor with a further discount of approximately $100 million per annum, a cost which other States would be expected to carry. From a political point of view, a reduction in the ceiling would artificially distort capacity to pay even further, while failing to reduce the Organization's reliance on a single contributor. Since there appeared to be no adequate methodological justification for reducing the ceiling rate, nor any demonstrable political benefit, his delegation supported the retention of the 25 per cent level.

33. One of the political arguments for the retention of a floor rate was that it established a minimum "membership fee" for the United Nations, a fee that had never been officially accepted by its Members. While superficially that fee did not seem to be particularly unaffordable to any State, bearing in mind the potential rights and benefits of membership, when analysed against the criterion of capacity to pay, States with a net national income share that was mathematically below the floor rate were paying relatively more for membership than other States.

34. Even though the scale of assessments did not function perfectly, it was clear that there was no simple alternative to the current methodology, although certain alterations would yield relatively greater benefits to developing countries. The current methodology, while cumbersome, had been developed by the General Assembly to ensure equity and to reflect the principle of capacity to pay. Since there was no methodological or statistical guideline which perfectly reflected both equity and capacity to pay, the political aspect of the scale was of paramount importance. If Member States could agree on the political dimensions, then the technical parameters would be more easily accepted as reflecting capacity to pay.

35. Revision of the current scale should thus be initiated as a matter of urgency and a new scale, based on simple, transparent, comparable and objective criteria, decided upon. His delegation supported the view that the non-payment of arrears and overdue contributions was one of the main causes of the financial crisis. South Africa accepted and fulfilled its legal obligations under the Charter and encouraged all Member States to do the same.

36. **Mr. Hanson** (Canada) said that his delegation's proposed methodology for establishing the scale of

assessments (proposal G) had many elements in common with other proposals and with the methodology used in previous scales. It advocated that the scale should be based on gross national product, with a statistical base period of three years; and that external debt relief should be based on actual debt flows; and that the existing formula for the low per capita income adjustment should be retained.

37. The most novel feature of the proposal was the progressive apportionment of the burden created by the low per capita income adjustment among Member States whose per capita income was above the world average. Under that formula, the assessments of 39 Member States would decrease and those of six would increase, thereby shifting a total of 0.6352 percentage points from the former to the latter group. Those results were obtained by using a positive gradient of 25 per cent. His delegation, however, was flexible about the use of some other gradient or some other method of progressive apportionment.

38. His delegation's proposal also called for the elimination of the floor, which, even at the rate of 0.001 per cent, created serious inequities especially for the smallest and least wealthy Member States. Since the total adjustment was of the order of 0.016 percentage points, outright elimination of the floor would have little consequence for the larger contributors.

39. His delegation also had reservations about the ceiling, which conferred a major benefit on the largest and wealthiest contributor paid for by smaller and less wealthy Members. It had been argued that excessive reliance by the Organization on a single large contributor was unhealthy. It was difficult, however, to see how such reliance could be significantly reduced by any of the proposals currently before the Committee. The principles of equity and capacity to pay would be better served if there were no ceiling.

40. Nevertheless, a ceiling had always been part of the scale methodology and his delegation's proposal included a ceiling at the long-established level of 25 per cent; that would reduce the assessment rate of the largest contributor by 4.0401 percentage points. Under the proposal, that reduction alone was greater than the rate of assessment of all but five contributors. There were dozens of contributors, most of them developing countries, which, under the existing scale methodology, were assessed a higher proportion of their per capita income than the largest contributor. In order to safeguard against such inequities, which would be exacerbated if the ceiling were lowered, it might be necessary to return to the "per capita ceiling" which had been part of the methodology from 1956 to 1974. That would ensure that no contributor had to bear a higher per capita assessment than the largest contributor.

41. His delegation was concerned about suggestions that financial contribution was in some way a criterion for reform of the Security Council and that there was a link between the scale of assessments and an increase in the number of permanent members. Financial contribution could not be the criterion, since there were currently at least 13 Member States with higher rates of assessment than at least one of the current permanent members of the Council. The criteria set out in Article 23 of the Charter should be the only ones used to determine the composition of the Council. Given the lack of general agreement on that delicate issue, his delegation favoured, for the time being, an increase in the non-permanent category of members only.

42. As his Minister for Foreign Affairs had stated at the 12th plenary meeting of the General Assembly, broader reform must necessarily fail as long as Member States continued to demand more of a system to which they contributed less. Effective leadership and moral authority were rooted in respect for undertakings and obligations freely entered into by Member States. It was the responsibility of each Member State to pay its dues in full, on time and without conditions. Looking ahead, there might come a time when Members would choose to reconsider aspects of the Organization's current financial underpinnings and collectively decide that, in order to broaden responsibilities and share power in ways that better reflected current international realities, some adjustments to the scale of assessments were warranted. Such decisions, however, could be neither prejudged nor presumed and would no doubt be influenced by the commitment of those advocating such changes to the broader purposes of the Organization.

43. **Mr. Qin Huasun** (China) said that his delegation fully concurred with the statement made by the representative of the United Republic of Tanzania on behalf of the Group of 77 and China. The Organization's financial crisis was the consequence of the substantial arrears of some major contributors, particularly the largest contributor. The immediate payment of that contributor's arrears was the only way to resolve the crisis, which could not be attributed to the scale of assessments. All Member States should fulfil their financial obligations under the Charter by paying their assessed contributions in full and on time. The Member State with the largest arrears should clear them unconditionally and without delay.

44. The current scale methodology was fair and reflected the principle of capacity to pay. However, his delegation was not opposed to adjustments to bring the scale more into line

with that principle, which had proved in practice to be effective and in the interests of the general membership. Referring to the fact that one delegation had raised the concept of "responsibility to pay", he said that his delegation reiterated its position that such a principle was not tenable since it was a disguised proposal of money for power. The United Nations was neither a joint-stock company nor a club of the rich, and any proposal to base a country's role in United Nations affairs on the amount of its contribution was contrary to the spirit of the Organization.

45. There was no truth in the rumour that his delegation would consider lowering the assessed contribution of the largest contributor and raising its own contribution to over 4 per cent. There had been no change in his delegation's position of principle on the scale of assessments. Adjustments to the scale affected the entire membership and should therefore be made by the entire membership on the basis of democratic consultation. Changes should not be determined by a few Member States in private. Any unilateral move in that direction would fail.

46. China was fully aware of its responsibilities to the United Nations and to world peace and security. It had fulfilled its obligations to the regular budget and had taken on extra obligations for peacekeeping operations. As its economy developed, it would be ready to make a due contribution in accordance with the Charter and did not object to the adjustment of the scale for the next three years on the basis of capacity to pay. China's economy had grown rapidly over the past decade but it still remained a developing country with a very low per capita income - $620 in 1995 according to the World Bank, in other words far below the world average of $4,880 and the average of $1,090 of the developing countries. China faced a long and arduous economic road. Even at current growth rates it would need several decades to catch up with the moderately developed countries. Any drastic increase in its assessed contribution would therefore be entirely unacceptable.

47. It was to be hoped that all parties would engage in constructive and democratic consultations with a view to finding a scale methodology for the period 1998-2000 which would be acceptable to all Member States and consistent with the principle of capacity to pay.

48. **Mr. Najem** (Lebanon) said that his delegation supported the position taken by the Group of 77 and China on agenda item 120. The fact that some developing countries were unable to honour their financial obligations did not mean that they were not bound by the purposes and principles of the United Nations, particularly with respect to Article 19 of the Charter. He hoped that a regular rise in the level of assessments would not be seen as the only solution to the financial crisis, since many other factors were involved. The principles of low per capita income adjustment and capacity to pay must continue to be applied if any long-term solution to the United Nations financial crisis were to be found and in order to ensure that the least developed countries did not bear an impossible burden. The special arrangements for the financing of peacekeeping operations should be maintained, pursuant to General Assembly resolutions 1874 (S-IV) of 1963 and 3101 (XXVIII) of 1973, which referred to the special responsibilities of the States permanent members of the Security Council in the financing of such operations. His delegation wished to reaffirm the principle of collective responsibility for the financing of the Organization in order to enable it to carry out its mandate in the interests of all Member States.

49. **Mr. Tcholakov** (Bulgaria) said that the element of debt burden adjustment should be retained in any future scale of assessments as an additional incentive for debt repayment discipline. The criterion of adjustment for external debt, including interest payments, should also be maintained. In recent years, Bulgaria's own debt situation had become unmanageable, partly as a result of its strict enforcement of various United Nations sanctions regimes which had had a direct and adverse impact on its economic performance.

50. His delegation was in favour of a low per capita income adjustment as an arrangement for sharing the burden and had an open mind about the exact value of its gradient or the need for further qualifications of that criterion. With regard to the competing ideas on the ceiling for the scale, his delegation was prepared to go along with any constructive and creative arrangement based on the United States initiative, with a view to achieving a breakthrough in the payment of arrears by the largest contributor to the regular budget and, indeed, to the entire United Nations system. That unique opportunity should not be missed.

51. **Mr. Jawarneh** (Jordan) said that the fact that the Committee on Contributions had reached initial agreement on a number of factors crucial to the scale of assessments provided a good basis for debate in the Fifth Committee. His delegation supported the statement made by the Group of 77 and China. If Member States mustered the requisite political will, the Committee would undoubtedly be able to arrive at a consensus scale favourable to the membership at large.

52. The current financial crisis was due to the fact that too many Member States failed to pay their contributions in full and on time. That had also contributed to delays in

reimbursements to troop contributing countries, including Jordan.

53. Capacity to pay should remain the chief criterion in determining assessments. The low per capita income adjustment should remain a major component of the methodology, as should debt-burden adjustment, in view of the enormous volume of accumulated foreign debt carried by developing countries. Economic and social indicators affecting development should also be taken into consideration. His delegation endorsed the recommendation made by the Committee on Contributions with regard to the floor. He trusted that the Fifth Committee would be able to agree on an equitable scale.

54. **Mr. Rodríguez Parilla** (Cuba) regretted that, despite its efforts, the Committee on Contributions had failed to reach agreement. He supported the statement made on behalf of the Group of 77 and China, whose proposal at the previous session might offer a sound basis for a decision on the scale of assessments.

55. The need to apply the principles of justice and equity in decisions on each element of the scale was of particular importance in order to ensure that there was no undeserved negative impact on developing countries, which bore no responsibility for the current situation and had not the capacity to resolve world economic problems.

56. His delegation was gravely concerned about a certain degree of pressure, and even direct threats, which went beyond the right of any Member State to decide whether or not it would remain a member of a specific international organization and to seek to hold the United Nations hostage for domestic political reasons, to the detriment of the sovereign equality of Member States.

57. The elements of the methodology on which there was agreement offered a good basis for discussion. His delegation agreed that a six-year base period was appropriate; that the exchange rate criteria set forth in General Assembly resolution 46/221 B should continue to apply, that the low per capita income and debt-burden adjustments should be retained; and that the floor should be lowered to 0.001 per cent, since many developing countries had assessments above their capacity to pay. His delegation could not, however, accept a reduction in the ceiling, since that would mean that the beneficiary State would receive an assessment far below its capacity to pay. Indeed, the ceiling constituted a serious distortion of capacity to pay, and should be eliminated. Under no circumstances should any possible reduction in the ceiling lead to increases in the assessments of developing countries, and future scales should not be affected by any redistribution of points as a result of such an action. He reaffirmed the principle of capacity to pay as the fundamental criterion in determining the assessment of each Member State.

58. The serious financial situation was not connected with the scale methodology. The cause of the crisis was the failure on the part of the major contributor — and the major beneficiary of the Organization — to pay its assessed contributions in full, on time and without conditions. At the same time, it was important to take account of the economic realities faced by certain countries which were unable to pay their contributions as a result of their history and the current state of the world economic order.

59. His Government would discharge its obligations under the Charter, and had recently made a payment to the Organization, despite the difficult economic circumstances and financial constraints which the country faced.

60. **Mr. Akplogan** (Benin) said that, on the occasion of the fiftieth anniversary of the Organization, Heads of State and Government had undertaken to ensure that the Organization would enter the twenty-first century with the means, financial resources and structures necessary to serve the peoples on whose behalf it had been created. To discharge those commitments, Member States must fulfil their obligation to meet the Organization's expenses in full and on time in accordance with the scale of assessments. The success of the Secretary-General's reform programme would depend on the political and financial commitment of each State.

61. His delegation supported the statement made on behalf of the Group of 77 and China. The fundamental cause of the critical financial situation was the failure of certain major contributors to discharge their financial obligations under the Charter in full, on time and without conditions. The scale of assessments, while important, was not linked to the critical financial situation. Accordingly, his delegation could not support the view that it would be enough to change the scale methodology, as sought by a minority of States, for financial obligations to be honoured.

62. Any review of the scale methodology that failed to take account of capacity to pay — which must remain the fundamental criterion — was likely to create difficulties for the developing countries, in particular the least developed countries. In that connection his delegation supported the reduction in the floor to 0.001 per cent. On the other hand, any change in the ceiling could only come at the expense of the developing countries. Moreover, the peacekeeping scale must reflect the responsibilities of the permanent members of the Security Council.

63. Development activities, of which his country was a major beneficiary, depended on the availability of reliable and predictable resources. Benin had paid its contributions to the Organization in full, and he invited all Member States to do likewise.

64. **Mr. Wilmot** (Ghana) said that, while he would have preferred the Committee on Contributions to have carried out conclusively the difficult task assigned to it by the General Assembly in resolution 51/212 B, he appreciated its efforts and trusted that its report would assist the Fifth Committee in its deliberations.

65. The Committee now had eight proposals before it, and the prospect of one proposal being accepted by all Member States seemed remote. All the eight proposals, however, contained positive and reasonable elements which were worthy of attention. He welcomed the tentative agreement reached on the base period, the debt-burden adjustment and the scheme of limits. The conclusions and recommendations of the Committee on Contributions should help the Fifth Committee to find common ground.

66. The length of the base period should reflect changes in economic development and ensure stability in the scale of assessments. His delegation therefore endorsed a base period of six years as a reasonable compromise. With regard to the debt-burden adjustment, economic development in many developing countries had been adversely affected by heavy debt burdens and debt servicing, and that had greatly hampered their capacity to pay. The debt-burden adjustment should therefore be retained in the methodology.

67. His delegation supported a gradual phase-out of the scheme of limits, and accepted the view that market exchange rates should be used for conversion, except where that would cause excessive fluctuation or distortion in the income of some Member States, in which case price-adjusted rates of exchange should be used. His delegation also agreed that estimates of gross national product should be used as the basis for measuring income.

68. He supported the recommendation that all Member States whose share of adjusted world income was less than the current floor of 0.01 per cent should be assessed at their actual share of adjusted income, subject to a minimum assessment rate of 0.001 per cent. Such a floor rate would allay the concerns of small developing countries. He also agreed that the scale of assessment should be carried to three decimal places.

69. The Organization's precarious financial situation was not due to the scale of assessments, but, rather, to the non-payment of contributions already approved in accordance with the scale adopted by consensus. The situation was thus artificial, created solely by those Member States which unilaterally and unjustifiably refused to honour their obligations. All those concerned should pay their arrears in full, without any conditions. Most of the arrears were, in effect, debts owed to poor third world countries for their participation in peacekeeping operations.

70. The legally binding commitments arising from the current scale of assessments were not to be confused with rates of contribution desired under a new scale which was to be agreed. Any State which believed that its assessment should be revised in the new scale was free to say so, but the right approach was to enter into negotiations with the Organization, armed with all the relevant data. Confrontational postures calculated to coerce or intimidate the Organization were unhelpful and counter-productive. Member States should consider not only what they put into the Organization, but also what they got out of it, in terms of procurement, employment of nationals and revenue from living expenses of delegations, and, above all, in terms of the forum the Organization provided for the pursuit of foreign policy objectives. The United Nations served the vital interests of all Member States. Delegations must decide whether they wanted a strong and viable United Nations that could serve mankind, or a United Nations crippled by insolvency, controversy and uncertainty.

71. *Mr. Chowdhury (Bangladesh) resumed the Chair*

72. **Mr. Elmontasser** (Libyan Arab Jamahiriya) said his delegation supported the statements made by the representatives of the United Republic of Tanzania, on behalf of the Group of 77 and China, and of Colombia, on behalf of the Movement of Non-Aligned Countries, which both served as an excellent basis for discussion of the current agenda item.

73. The task of the Committee on Contributions in trying to elaborate a ninth proposal was no easy one. It was unfortunate that it had not succeeded since that made the Fifth Committee's discussion more difficult, especially given the fact that an impasse had been reached at the fifty-first session and that there was a lack of goodwill and genuine political determination. Current criticism and the failure of States to pay assessed contributions demonstrated that the recommendations of the General Assembly had not been implemented. Foremost amongst those recommendations was that the principle of capacity to pay should be the fundamental criterion for the apportionment of the expenses of the Organization. Unfortunately, that principle had not been fairly applied in recent years. United Nations statistics showed that poorer countries often paid a greater percentage

of per capita income than richer countries, a percentage which often exceeded their ability to pay. Those countries had the right to request a low per capita income adjustment and to scrutinize future scales of assessment, to ensure that the principle of capacity to pay was applied.

74. Exemption from the provisions of Article 19 of the Charter was unevenly awarded. Clear guidelines were necessary in order to ensure the application of the principle of the equality of all Members, regardless of political considerations. He requested that the Secretariat should inform Member States in good time when the provisions of Article 19 were likely to be applied to them, particularly in the case of small States which did not have the human and technical resources to be able to follow up on that sensitive issue.

75. His delegation hoped that an equitable scale of assessments could be prepared, which would be in the interests of all Member States and enable the Organization to implement all its programmes.

76. **Mr. Sulaiman** (Syrian Arab Republic) thanked the Committee on Contributions for translating the proposals put forward in General Assembly resolution 51/212 B into figures. It might be difficult to reach unanimous agreement on the methodology for the scale of assessments.

77. His delegation supported the statement made on behalf of the Group of 77 and China. His delegation, as a member of the Group of 77, had been one of those which had adopted the Group's proposal the previous year concerning the methodology, but there was no justification for any increase in its contributions.

78. Over recent years, his country's level of contribution had been regularly raised, with no justification. His delegation had objected to the increase from 0.04 per cent to 0.05 per cent in the scale which had been adopted for 1997, and his country's contribution had now been increased to 0.06 per cent. His delegation did not understand the reason for that increase at a time when the contributions of many countries in a more favourable economic position had decreased. It was not logical that the contributions of some developed countries should decrease at the expense of developing countries such as his own. Despite the increase imposed on it, however, his country had paid its contributions over the past three years.

79. The worrying financial situation currently being experienced by the Organization bore no relation to the scale of assessments. The financial crisis was a crisis of accumulated arrears, involving in particular countries with large assessed contributions, as was clear from reports on the financial situation.

80. His delegation had always maintained that the principle of capacity to pay should be the fundamental criterion for the apportionment of the expenses of the Organization and he wondered how that principle had been applied in deciding on his own country's assessment. His delegation believed that it was necessary to respect not only the principle of capacity to pay, but also the principle of equity. The Syrian economy, during the period covered by the previous scale of assessments and to date, had not undergone any major growth that could justify the increase imposed in any of the proposed scales. His country was scrupulous in paying its annual contributions to the regular budget of the United Nations and for peacekeeping operations. The scale of assessments must take into account many factors, including the financial situation of developing countries and the issue of debt, which particularly affected the economies of those countries. The special circumstances applicable in countries such as his own, which suffered from occupation, must also be taken into consideration. Israel continued to occupy a large area of Syrian territory, namely the Syrian Arab Golan, an area which was rich in economic and agricultural resources that had been an important component of the gross national product. No special consideration had been allowed for that circumstance; his country's contribution had, instead, been regularly increased. That was illogical.

81. With regard to the budget for peacekeeping operations, he stressed the need for the maintenance of the special arrangements for the financing of such operations. Permanent members of the Security Council had a special responsibility for the financing of such operations, pursuant to General Assembly resolutions 1874 (S-IV) and 3101 (XXVIII).

82. **Mr. Ciobanu** (Republic of Moldova) said that the report of the Committee on Contributions reflected its efforts to find a better methodology and a common approach for the scale of assessments for the period 1998-2000. Since the implementation of the reform of the United Nations depended largely on the Organization's financial resources, the establishment of the equitable new methodology would be a first step towards improving the financial situation and moving the reform process forward.

83. Every Member State should pay its assessed contributions on time and in full. Despite its economic difficulties, the Moldovan Government was making every effort to meet its financial obligations, since it believed that the evidently unfair assessment of a number of countries

must not be allowed to aggravate the financial crisis of the United Nations. However, a considerable part of the arrears of many countries was beyond their capacity to pay. Financial support of the United Nations should be based on the equitable distribution of its expenses among the Member States in accordance with the principle of capacity to pay. That must remain a basic criterion. His delegation supported the recommendations contained in paragraphs 82 and 84 of the report concerning the continuing relevance and importance of the principle of a low per capita income adjustment, and it agreed to the Committee's proposal that the future scale of assessments should be based on gross national product. The best way to reflect each country's economic situation was to have a short base period, three years for example. Since such a change in the methodology could lead to technical difficulties, however, a longer period, but no more than six years, would be acceptable.

84. The recommendations of the Committee on Contributions should improve the future methodology and help to prevent non-payment of contributions. It was to be hoped that that Committee would take its decisions by consensus and continue its practice of engaging in a flexible discussion of the issues. The decisions taken by the Fifth Committee at the current session would no doubt help to improve the methodology.

85. **Mr. Kelapile** (Botswana) said that his delegation wished to reaffirm some of the points already made by the representative of the United Republic of Tanzania on behalf of the Group of 77 and China. It welcomed the report of the Committee on Contributions but regretted that it had been unable to reach a consensus on certain elements of the future scale of assessments. His delegation would accept any scale which was consistent with Article 17 of the Charter.

86. Every Member State must meet its financial obligations to the Organization, and arrears must be cleared quickly. The principle of capacity to pay should remain the cardinal criterion for the apportionment of the expenses of the United Nations. The financial crisis had nothing to do with the scale methodology but was a consequence of the failure by some Member States to meet their obligations on time, in full and without conditions. His delegation was ready to engage in a constructive dialogue with a view to solving the Organization's financial problems.

The meeting rose at 12.45 p.m.